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Management of Rural Development Programmes
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National Rural Livelihood Mission (NRLM)

Introduction:

National Rural Livelihood Mission (NRLM) is a poverty alleviation project implemented by Ministry of Rural Development, Government of India. This scheme is focused on promoting self-employment and organization of rural poor. The basic idea behind this programme is to organize the poor into SHG (Self Help Groups) groups and make them capable for self-employment. In 1999 after restructuring Integrated Rural Development Programme (IRDP), Ministry of Rural Development (MoRD) launched Swarnajayanti Grameen Swarojgar Yojana (SGSY) to focus on promoting self-employment among rural poor. SGSY is now remodelled to form NRLM thereby plugging the shortfalls of SGSY programme. This scheme was launched in 2011 with a budget of \$5.1 billion and is one of the flagship programmes of Ministry of Rural Development. NRLM has the mandate of reaching out to 100 million rural poor in 6 lakh villages across the country. This is one of the world's largest initiatives to improve the livelihood of poor. This programme is supported by the World Bank with a credit of \$1 Billion. The scheme was succeeded by Deen Dayal Antyodaya Yojana-NRM on 25 September, 2015. As National Rural livelihoods mission (NRLM) and renamed as "Aajeevika".

The poor have innate capabilities to overcome poverty. NRLM strives towards unleashing this entrepreneurial capability by creating appropriate platforms for the poor through a dedicated and sensitive support structures. NRLM is the rechristened version of Swarna Jayanti Swarojgar Yojna (SGSY). It is a programme of Ministry of Rural Development. It aims to reduce poverty by enabling the poor household to access gainful self-employment and skilled wage employment opportunity resulting in a sustainable livelihood.

NRLM is based on three pillars:

- i. Enhancing and expanding the existing livelihood options of the poor.
- ii. Building skills for the job market.
- ii. Nurturing self-employed and entrepreneurs.

Objectives of NRLM:

The mission's primary objective is to reduce poverty by promoting diversified and gainful self-employment and ways employment opportunities for sustainable increase in incomes. The Mission is to promote sustainable livelihoods for the poor such that they come out of poverty. The institutions of the poor are intended to facilitate access to formal credit, support for diversification and strengthening of livelihoods and access to entitlements and public services. The objective of the NRLM is: -

1. Mobilising all rural poor households in functionally effective SHGs and their Federations.
2. Enhancing their access to bank credit and other financial, technical and marketing services.

3. Building their capacities and skills for gainful and sustainable livelihoods development and converging various schemes for efficient delivery of social and economic support services to poor with optimal results.

Key Features of the Scheme:

Key features and components of the Scheme include:

- One member (preferably a woman) from each rural poor household would be brought under the Self Help Group (SHG) network. Women SHG groups would have bank-linkage arrangements.
- SHGs would be federated at village level and higher levels to provide space, voice and resources and to reduce dependence on external agencies.
- The Mission consists four components, viz., (i) social mobilization, community institution and capacity building; (ii) financial inclusion; (iii) livelihood promotion; and (iv) convergence.
- Participatory social assessment would be organised to identify and rank all households according to vulnerability. The ranking would be with reference to poorest of the poor, single woman and woman-headed households, disabled, landless, and migrant labour and they would receive special focus.
- Training and capacity building of the poor, particularly in relation to managing the institutions, livelihoods, credit absorption and credit-worthiness.
- The Mission also supports development of skills for rural youth and their placement, training and self-employment through rural self-employment institutes (RSETIs), innovations, infrastructure creation and market support.
- Provision of Revolving Fund as a support to SHGs to strengthen their institutional and financial management capacity and build a good credit history.
- Provision of Community Investment Support Fund (CIF) in the intensive blocks to the SHGs through the Federations to advance loans and/or undertake common/collective socio-economic activities.
- Introduction of financial inclusion model, loaning from banks, association and coordination with banking/financial institutions and coverage from loss of life, health etc.
- Provision of Interest Subvention on loans availed by SHGs to cover the difference between the lending rate of the banks and 7%.

- Convergence with various ministries and agencies dealing with poverty reduction of rural poor.
- Highly decentralised planning; and States will have liberty in developing their own action plan for poverty reduction.
- NRLM to have suitable linkages at the district level with District Rural Development Agencies (DRDAs) and Panchayat Raj Institutions (PRIs).

NRLM plans to give special focus on the poorest households who are currently dependent on the MGNREGA. The design of NRLM is more likely to succeed because its implementation is in a mission mode which enables it shift from the present allocation based approach to demand based approach. This enables the states to formulate their own livelihood based on poverty reduction action plans.

It also focuses on targets, outcomes, and time bound strategies. The monitoring would be done against the targets of the poverty outcomes. NRLM will have continuous capacity building, imparting of requisite skills and creating linkages with livelihood opportunities for the poor, including those emerging from the organised sectors.

NRLM funds will be directly released to the state level agencies and DRDA based on the detailed district wise annual action plan. It will involve the Self Help Group in the implementation which increases the likelihood of its success. National Skill Development Council will also coordinate in the skill development part in the implementation of NRLM.

In order to ensure institutional arrangement for skill development for self - employment and wage employment, dedicated training institute for rural BPL youth i.e. Rural Self Employment Training Institutes (RSETIs) are being set up with the aim of having at least one such institution in each district in India. These RSETIs will be set up with the partnership of banks. This will help in achieving the objectives of NRLM.

Identification of beneficiaries:

The mission aims to reach out to all the rural poor families (BPL families) and link them to sustainable livelihoods opportunities. It will nurture them till they come out of poverty and enjoy a decent quality of life. NRLM's priority is to reach out to the poorest, most vulnerable and marginalized. It begins with targeting women and they are considered as representatives of their households. In case of extremely vulnerable persons like Persons with Disabilities (PwDs), elders etc., NRLM mobilizes both men and women. Further, other interventions of NRLM like Rural Self Employment Training Institutes (RSETIs), Aajeevika Skills would reach out to poor in general.

The beneficiaries under the scheme are rural poor and instead of providing direct financial support, the scheme envisages that the poor are organised into institutions and make them own the institutions, acquire sufficient

capacity building and handholding support, access institutional credit and pursue livelihoods based on their resources, skills and preferences.

The NRLM Target Households (NTH) are identified through the Participatory Identification of Poor (PIP) instead of the BPL. The PIP is a community-driven process where the CBOs themselves identify the poor in the village using participatory tools. The list of poor identified by the CBO is vetted by the Gram Sabha.

Funding Mechanism:

Funding Mechanism NRLM is a centrally sponsored scheme and financing of the programme is shared between the centre and the state, currently at the ratio of 75:25. In case of special category States (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Jammu & Kashmir, Himachal Pradesh and Uttarakhand), this ratio will be 90:10 between the Centre and States. The funds flow to the States through NRLM to SRLM. The SRLM has to open a bank account and notify it to NRLM. The SRLM will release funds to the districts in accordance with the allotments indicated in the Annual Action Plan. The Centre would release funds to the States in two instalments. While the first instalment is released generally in the month of April of the year, the second instalment would be released in the month of October, subject to fulfilment of certain conditions: Utilization of 60% of funds available with them including the opening balance. State has to release its share during the previous year. The opening balance should not exceed 15% of the allocation for the same year. If it exceeds, the central share would be appropriately reduced. Audit report and utilisation certificate of previous year. Fund tracking would be monitored through an IT based fund tracking system to be developed by Ministry of Rural Development.

Financial assistance in form of Revolving Fund, Vulnerability Reduction Fund, and Community Investment Fund is provided to the CBOs. NRLM does not provide direct financial support to individual members.

a. NRLM provides a Revolving Fund (RF) support to SHGs in existence for a minimum period of 3/6 months and follow the 'Panchasutra' – regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts. Only such SHGs that have not received any RF earlier will be provided with RF, as corpus, with a minimum of Rs. 10,000 and up to a maximum of Rs. 15,000 per SHG. The purpose of RF is to strengthen their institutional and financial management capacity and build a good credit history within the group.

b. Vulnerability Reduction Fund (VRF): VRF, to the tune of Rs.1500 per member, is provided to the SHG Federations at the village level in the intensive blocks. VRF will be used for addressing the vulnerabilities of the members like food security, health security etc., and for meeting the needs of the vulnerable persons in the village.

c. Community Investment Support Fund (CIF): CIF, to the tune of Rs.3000 per SHG member, is provided to the CLFs in the intensive blocks, to be maintained as resource in perpetuity by the CLF. The CIF is used, by the Federations, to advance loans to the SHGs and/or to undertake the common/collective

socio-economic activities. Initially, in the absence of emergence of CLF, the CIF to the tune of Rs.50000 is given to SHG directly on developing its Micro-Credit Plan/Micro-plan, to be repaid to CLF via SHG Federation at the village level.

d. Interest subvention: NRLM has a provision for interest subvention, to cover the difference between the Lending Rate of the banks and 7%, on all credit from the banks/financial institutions availed by women SHGs, for a maximum of Rs 3, 00,000 per SHG.

NRLM facilitates the SHGs to open and operate bank accounts and bank linkages. It also facilitates access to insurance to members. It is encouraging individual members too to open bank accounts.

Self Help Group (SHG):

SHGs are affinity-based homogenous groups of 10-20 members (usually women). The SHG leaders motivate the SHG to follow the five cardinal principles or Panchasutra i.e. regular meetings, regular savings, internal lending, regular repayment and bookkeeping. They serve as the link between the SHG and other institutions such as banks. Support to the SHGs of poor is in terms of knowledge, skills, funds, bank linkages and interest subvention. NRLM ensures that the poor are provided with the requisite knowledge and skills to the members, the leaders and the bookkeepers of the SHGs for: managing their institutions, enhancing their credit absorption capacity and credit worthiness, linking up with markets, managing their existing livelihoods, etc.

A multi-pronged approach is envisaged for continuous capacity building of the targeted families, SHGs, their federations, government functionaries, bankers, NGOs and other key stakeholders.

SHGs, their federations at the village, cluster levels and beyond, and other collectives of the poor constitute Institutions of Poor (IoP). The SHGs are federated at the village (Village Organisation), sub-block and higher levels. They are supported to become self-sufficient and community-managed institutions over time.

Institutions of the poor such as SHGs and their village level and higher level federations are necessary to provide space, voice and resources for the poor, and for reducing their dependence on external agencies. They empower them. They also act as instruments of knowledge and technology dissemination, and hubs of production, collectivization and commerce. NRLM, therefore, would focus on setting up these institutions at various levels.

In case of special SHGs i.e. groups in remote tribal areas and in difficult areas, groups with vulnerable persons like disabled persons and the group may be as small as 5 members. Only for groups to be formed with Persons with disabilities, and other special categories like elders, transgender, NRLM will have both men and women in the SHGs.

SHGs are affinity-based savings and credit groups to begin with. They offer solidarity. They provide microfinance services – savings, credit, bank linkages, insurance, remittances, equity etc. They also offer collectivization and group activities. The SHGs offer social security and social action in various fronts

including health, nutrition, food, gender, convergence etc., directly or through their federations.

Micro planning is a process where members are encouraged to recognize, understand and evaluate their resources; analyze challenges they face; identify needs and make future plans to overcome vulnerabilities by making optimum utilization of resources and fostering convergences. The SHGs receive their CIF only on developing their micro plans or microcredit plans.

The bookkeeper of the SHG is a literate member of the group or any literate person known to the group members. The bookkeeper is selected by the SHG members and is trained in SHG bookkeeping. A SHG has 4-7 books – member passbook, minute’s book, attendance and savings book, cash book, loan ledger, activity/enterprise book(s) etc.

Achievements of NRLM:

The National Rural Livelihood Mission (NRLM) is making a difference to the lives and livelihoods of over 3.6 crore households from where women have joined self-help groups (SHGs). The collectives of women under SHGs, Village Organisations (VOs) and Cluster Level Federations CLFs has evolved transformational social capital that is changing gender relations, access to services and participation in Gram Sabha and Panchayati Raj Institutions (PRIs). The programme has given confidence to women to seek Bank loans for economic activity after developing skills and competencies through a sustained Community Resource Person led handholding for livelihood diversification. One lakh fifty thousand women Community Resource Person (CRPs) who have themselves come out of poverty, are today the greatest agent of change in promoting sustainable agriculture, providing banking services, developing a cadre of Para Veterinary for animal care, Book keepers and Accountants to women’s collectives, and most importantly an agent for social transformation of villages.

Progress as on 06/04/2020

Indicator	Physical Progress	Indicator	Financial Progress
SHG with Transactions details	892365	Cumulative Savings by SHGs	113541.21
Members with transactions details	10643571	Outstanding Member loan	-2547.04
SHGs with Bank A/c	5414098	Bank Loan Accessed	283781.67
SHG Members having SB Account	22136661	Bank Loan Outstanding	22608.26
SHG received RF from NRLM	18185	Other Loan Accessed	45516.46

SHG received CIF from NRLM	4787	Other Loan Outstanding	-6531.06
		Cash in Hand	82306.05
		Cash at Bank	193976.24
		RF received by SHG	2507.26
		CIF received by SHG	2122.89

(Source: Home Page of NRLM, Ministry of Rural Development (MoRD))

Since the inception of the programme in 2011, women members of SHGs have accessed rupees 1.06 lakh crore as bank credit from rupees 20,000 crore bank linkage in 2014-15, SHGs have got more than rupees 30,000 crore as credit in 2015-16. Till April 2020 over rupees 283781.67 crore bank loan had already been accessed, Analysis of Bank transaction with members till April, 2020 shows the remarkable increase in credit linkages in states like Assam, Bihar, Odisha, Rajasthan and West Bengal. There is a clear National spread in bank linkage as SHGs become vibrant and stronger institutions of the poor in many Northern Indian States as well. They are already strong and vibrant in the Southern Indian States.

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Monitoring:

NRLM has put in place a dedicated, sensitive support structure to facilitate the creation and functioning of IoP. The SRLMs are given the responsibility of implementing and monitoring the programme in the states based on their States Perspective Implementation Plans (SPIPs) and Annual Action Plans (AAPs). District Mission Management Units (DMMU) and Block Mission

Management Units (BMMU) are established to implement and monitoring the programme also.

At the national level, the National Rural Livelihoods Promotion Society (NRLPS) has been set up to serve as the technical support agency to NRLM. NRLPS supports the SRLMs in strategizing, planning implementing and Monitoring NRLM.

NRLM's presence in the remaining blocks in the country, referred as non-intensive blocks, is limited to the extent of supporting the existing mobilization, strengthening the existing institutions, providing revolving fund and bank linkages, and taking up other activities in a limited way.

The district level officials have to ensure that the monthly progress report is uploaded by all blocks. The consolidated information at the district level may be perused for monitoring the scheme progress.

The first national evaluation of NRLM has been completed (2017) recently by the Institute of Rural Management Anand (IRMA). The draft report recognises the social capital developed through women's collective at village level. The evaluation finds that the NRLM strategy has led to greater demand expression of rural poor not just through their weekly meeting but also through collective action in production as well as on social issues. Transforming lives through and even large scale diversification and development of livelihoods is clearly the way forward to reach the Mission Antyodaya objective of Poverty free gram Panchayats.

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